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October 20, 2004

**VIA COURIER AND ELECTRONIC MAIL**

Mary L. Cottrell, Secretary  
MA Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

**Re: D.T.E. 04-57 – Bay State Gas Request for Recovery of Exogenous Costs Associated  
the Lost Base Revenue (“LBR”)**

Dear Secretary Cottrell,

Enclosed for filing in the above-referenced docket is the Response of Bay State Gas Company to the Second Set of Information Requests issued by the MA Department of Telecommunications and Energy on October 13, 2004.

Please do not hesitate to contact me with any questions. Kindly date-stamp a copy of this letter for our files and return it to us in the enclosed envelope.

Thank you for your attention to this matter.

Very truly yours,



Patricia M. French

cc: Jody Stiefel, Hearing Officer (3 copies)  
Alexander Kofitse, DTE  
Carmen Liron-Espana, DTE  
Timothy Cargill, DTE

**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**RESPONSE OF BAY STATE GAS COMPANY TO THE  
SECOND SET OF INFORMATION REQUESTS FROM THE D.T. E.  
D.T.E. 04-57**

**Date: October 20, 2004**

**Witness Responsible: Joseph A. Ferro**

**DTE 2-1:** Please update of the Company's responses to DTE 1-21 and DTE 1-22 incorporating the small decrease in savings and the monetary value associated with the expired measures described in the Bay State's Motion to Admit Evidence Subsequent to Hearing.

**RESPONSE:** (In discussions with the Hearing Officer, it has been confirmed that this question is addressing the Company's responses to DTE 1-23 and DTE 1-24.)

The requested information is provided on Attachment DTE 2-1.

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<b>Part I:</b>	<b>4-Year Rolling Period Method (RPM)</b>		
<b>Customer Class</b>	<b>Gross Therm Savings</b>	<b>Net Therm Savings</b>	<b>Net Therm Savings As a % of Gross Therm Savings (%)</b>
Residential – Heating	3,926,937	2,616,431	67%
Residential – Non-Heating	42,229	23,789	56%
Multi-Family	1,180,009	1,193,462	101%
Total (Residential & Multi-Family)	5,149,175	3,833,683	74%
Commercial & Industrial	4,286,694	3,616,684	84%
<b>Total</b>	<b>9,435,869</b>	<b>7,450,366</b>	<b>79%</b>

<b>Part II:</b>	<b>Method Prior to DTE 97-112 (1999) (All DSM Measures Installed Included)</b>		
<b>Customer Class</b>	<b>Gross Therm Savings</b>	<b>Net Therm Savings</b>	<b>Net Therm Savings As a % of Gross Therm Savings (%)</b>
Residential – Heating	11,308,133	6,508,730	58%
Residential – Non-Heating	300,578	135,836	45%
Multi-Family	3,091,204	3,510,372	114%
Total (Residential & Multi-Family)	14,699,916	10,154,938	69%
Commercial & Industrial	9,491,579	8,008,045	84%
<b>Total</b>	<b>24,191,495</b>	<b>18,162,983</b>	<b>75%</b>

<b>Part III:</b>	<b>Exogenous Costs Calculation (Therm Savings)</b>		
<b>Customer Class</b>	<b>Gross Therm Savings</b>	<b>Net Therm Savings</b>	<b>Net Therm Savings As a % of Gross Therm Savings (%)</b>
Residential – Heating	7,381,196	3,892,299	53%
Residential – Non-Heating	258,349	112,047	43%
Multi-Family	1,911,196	2,316,909	121%
Total (Residential & Multi-Family)	9,550,741	6,321,255	66%
Commercial & Industrial	5,204,885	4,391,362	84%
<b>Total</b>	<b>14,755,626</b>	<b>10,712,617</b>	<b>73%</b>

<b>Part I:</b>	<b>4-Year Rolling Period Method (RPM)</b>		
<b>Customer Class</b>	<b>Lost Base Revenues (LBR)</b>	<b>Associated Carrying Costs</b>	<b>Total LBR</b>
Residential – Heating	608,438	55,527	663,965
Residential – Non-Heating	(5,923)	(573)	(6,496)
Multi-Family	188,213	22,611	210,824
Total (Residential & Multi-Family)	790,728	77,565	868,293
Commercial & Industrial	620,835	50,466	671,301
<b>Total</b>	<b>1,411,563</b>	<b>128,031</b>	<b>1,539,594</b>

<b>Part II:</b>	<b>Method Prior to DTE 97-112 (1999) (All DSM Measures Installed Included)</b>		
<b>Customer Class</b>	<b>Lost Base Revenues (LBR)</b>	<b>Associated Carrying Costs</b>	<b>Total LBR</b>
Residential – Heating	1,472,238	112,351	1,584,588
Residential – Non-Heating	52,073	3,719	55,792
Multi-Family	591,138	49,609	640,747
Total (Residential & Multi-Family)	2,115,448	165,679	2,281,127
Commercial & Industrial	1,403,403	104,237	1,507,640
<b>Total</b>	<b>3,518,851</b>	<b>269,916</b>	<b>3,788,767</b>

<b>Part III:</b>	<b>Exogenous Costs Calculation</b>		
<b>Customer Class</b>	<b>Lost Base Revenues (LBR)</b>	<b>Associated Carrying Costs</b>	<b>Total LBR</b>
Residential – Heating	863,800	56,824	920,623
Residential – Non-Heating	57,996	4,293	62,288
Multi-Family	402,925	26,998	429,922
Total (Residential & Multi-Family)	1,324,720	88,114	1,412,834
Commercial & Industrial	782,568	53,772	836,340
<b>Total</b>	<b>2,107,288</b>	<b>141,886</b>	<b>2,249,173</b>